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LETTER DATED 14 DECEMBER 1992 FROM THE CHARGE D'AFFAIRES A.I.
OF THE PERMANENT MISSION OF BULGARIA TO THE UNITED NATIONS
ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

Upon instructions from my Government, I have the honour to transmit herewith the annexed Memorandum of the Bulgarian Government regarding losses, damages and economic difficulties sustained by the Republic of Bulgaria as a result of the implementation of the sanctions imposed by Security Council resolution 757 (1992) of 30 May 1992.

I would be grateful if you would have this letter and its annex circulated as a document of the Security Council.

(Signed) Jordan LOZANOV
Deputy Permanent Representative of
Bulgaria to the United Nations

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Annex

Memorandum dated 10 December 1992 of the Bulgarian Government regarding losses, damages and economic difficulties sustained by the Republic of Bulgaria as a result of the implementation of the sanctions imposed by Security Council resolution 757 (1992) of 30 May 1992

The report submitted to the Secretary-General of the United Nations regarding measures undertaken by the Bulgarian Government in pursuance of Security Council resolution 757 (1992) concerning the sanctions against Serbia and Montenegro (document S/24168 of 26 June 1992), notes with deep concern that these measures will lead to considerable economic and financial losses and damages to Bulgaria and to legal entities and physical persons having business relations with partners from the above-mentioned countries.

For the past seven months since the enforcement of the sanctions, their negative impact on Bulgaria has entirely confirmed these pessimistic expectations.

As a result of the implementation of the sanctions against Serbia and Montenegro, and owing to its geographical position and traditionally good and intensive trade relations with the countries subject to the sanctions of the United Nations, Bulgaria is one of the worst-affected countries in the region. It has been virtually cut off and isolated from its partners in Central and Western Europe owing to disrupted transportation links.

By the end of the year the direct and indirect losses to the Bulgarian economy incurred since the enforcement of the sanctions will exceed US$ 1.2 billion. The negative impact of the sanctions has affected most of all such important economic sectors as:

- Industry, where as a result of disrupted production links, cancelled shipments of commodities and raw materials, and unsold goods, the estimated losses amount to US$ 690 million;

- Trade, where owing to cancelled contracts, unsold export goods, cancelled barter deals, suspended exports and imports under current contracts, and failure to meet previous obligations, Bulgarian State and private legal entities have suffered losses in the amount of US$ 355 million;

- Transport, where due to cancellation and detour of Bulgarian airlines flights, disruption of the transportation of cargoes and passengers and of the trade activities of the Bulgarian State Railways, difficulties in navigation along the Danube, as well as in automobile transport and shipping to and from the rest of Europe, direct losses amount to US$ 70 million;

- Energy, where disrupted links between the energy systems of Bulgaria and the Republic of Serbia have resulted in losses to the Bulgarian National Electric Company, amounting to US$ 22 million;

- Tourism, where the flow of tourists has considerably decreased and the direct losses incurred and damages paid by State tourist companies alone due to cancelled contracts and orders exceed US$ 5 million;

- Construction, where the adverse effect of the sanctions amounts to US$ 5 million.

These summarized data do not include damages and losses of profit resulting from cancellation of financial operations and transactions, difficulties in the telecommunication links of Bulgaria which, for their greater part, cross the territory of former Yugoslavia, or the ever-increasing indirect expenses arising from the strict implementation of the sanctions.

At this stage it is not possible to estimate the additional losses which Bulgaria will suffer from the restrictions imposed by Security Council resolution 787 (1992), regarding the transshipment of critical goods across Serbia and Montenegro and along the Danube. The only railway line connecting Bulgaria to the Republic of Macedonia crosses the territory of Serbia, while the importance of the Danube in terms of transport is invaluable. The fact that the longer the sanctions are applied, the greater the incurred losses, should not be overlooked, either.

Along with the specific economic problems ensuing from the sanctions, the Bulgarian people have to pay a very high social price for the decline in production, the closing down of a number of enterprises and jobs, difficulties in the supply of goods, the increase of inflation and unemployment rates.

The negative economic and social consequences of the sanctions have had a further aggravating effect on the Bulgarian economy, which is currently undergoing a grave crisis.

Against the background of the enormous difficulties accompanying the transition from a totalitarian political and economic system to democracy and market economy, the aggravation of the economic crisis poses a threat to the process of democratic change in the country.

It should be noted that the implementation of the Security Council sanctions against Iraq and the Libyan Arab Jamahiriya has caused losses to the Bulgarian economy amounting to US$ 2 billion, for which our country has not received any compensation so far.

Nevertheless, the Republic of Bulgaria supports and strictly observes the embargo on Serbia and Montenegro, which is causing the country further enormous losses and difficulties.

The overall effect of all losses and damages incurred makes it absolutely necessary for Bulgaria to receive financial and technical assistance from the international community and the industrialized countries, which would compensate at least partially the considerable losses and will enable it to carry forward the effective implementation of sanctions.

Therefore, the Republic of Bulgaria would like to exercise its right, under Article 50 of the Charter of the United Nations, to hold consultations with the Security Council with regard to taking urgent measures for overcoming the specific economic difficulties arising from the carrying out of the sanctions against Serbia and Montenegro imposed by resolutions 713 (1991), 757 (1992) and 787 (1992).

It is clear from the so far limited practice of application of mandatory measures undertaken by the Security Council that the provisions of Article 49 of the Charter should also be taken into consideration. According to these provisions and the general interpretation of the principle of international law of cooperation between States in maintaining international peace and security, the States Members of the United Nations should mutually assist each other in the implementation of the Security Council sanctions in a way which will make it possible for the expenses incurred by these measures to be justly allocated in accordance with their respective economic resources.